

# GROWERTALKS

## Features

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## 5 Ways to Control Labor Costs

*Gary Cortès*

One of the biggest benefits growers achieve from Lean Flow is improved productivity. Improved productivity can be viewed two different ways—more output with the same number of people or doing the same volume with fewer people. Depending on the current state of your business, one of these two applies. One of the biggest elements of the product cost is labor. So here are some tips to help you improve productivity.

### 1. Know your labor requirements.

It may sound simple, but not too many companies know how much labor they need. We've worked with growers and asked, "How many people do you need to do a particular job?" The answer usually is: "Let's say if a person can do 25 trays per hour and I have to do 400 in an eight-hour day. I need two people." Although this makes sense, it's flawed because it doesn't take into account the mix of products. The mix is critical because not all products take the same amount of time. As an example, it takes longer to stick certain cuttings that require rooting hormone, compared to some cuttings that don't require the hormone. There'll be days based on the mix that you can do 800 with two people and days you can only do 500 with three people.

The Lean Flow solution is to use a resource (labor) calculation that takes into account product mix and volume. The calculation that FlowVision uses is:

$$\frac{\sum (\text{Req.} * \text{Std. Time})}{\text{Available Work Hours}}$$

Where:

**Req.** = Customer Requirement by product

**Std. Time** = Time to do the work for one product

**Available Work Hours** = Hours that the employees are performing/working (not how many hours are they at work)

THE SHIPPING DEPT									
Shift	Goal	Actual	Var	Counting	Goal	Actual	Var	Shift	Task Info
7 AM									
8 AM	58	67	+9	567	556	-11	-11		
9 AM	77	107	+30	659	632	-27	-27		
10 AM	115	150	+35	714	698	-16	-21		
11 AM	156	179	+23	811	782	-29	-29		
12 PM	203	228	+25	888	869	-19	-19		
1 PM	225	240	+15	929	910	-19	-19		
2 PM	255	291	+36	1014	1016	+2	+2		
3 PM	285	331	+46	1075	1093	+18	+18		
4 PM	344	376	+32	1155	1180	+25	+25		
5 PM	384	406	+22	1203	1245	+42	+42		
6 PM	433	433	0	1231	1244	+13	+13		
7:30 PM	468	480	+12	1305	1320	+15	+15		
Totals for Wk 3/26/2012									
Cents = 1320									
Racks = 164 (Internal 130)									
SM cycles = 1200's									
Boxes = 3389									
Herbs = 32									

## 2. Set a plan and measure production against the plan.

When the employees know the plan, they'll do their best to achieve the plan. The plan should be one that's doable and one that they can see how it progresses throughout the day.

The Lean Flow Solution is a flow rate board. This is a whiteboard or flat screen monitor that has the daily plan broken down by hour. A person is

tasked to record the output by hour and calculate the variance. This simple board motivates the employees to achieve the hourly targets. The target is doable because the labor resources were calculated using the resource calculation from above. If the employees are falling behind, the supervisor can make the decision to put more people on the line. You'll know in real time how the team is doing and can wait until the end of the day to see if you need to work overtime because they didn't hit the goal. We have had some growers tell us that they have seen at least a 5% to 10% improvement in productivity just by showing the employees what they need to produce by hour.

## 3. Fixed work locations.

One of the biggest wastes of labor is people/crews moving around the greenhouse or nursery. There are certain tasks that growers think are more efficient if they're done in the greenhouse or fields—cleaning, tagging, labeling, sticking and planting are some of them. The problem with this is it becomes difficult to manage crews scattered through the facility. How do you know how they're doing? Another issue is lunches and breaks. Employees usually leave a few minutes before their breaks and lunch and go back to work after the break is over. They don't feel that walking to the break room should be part of their break time. These five to seven minutes before and after the breaks amounts to a lot of lost production time. Do the math and you'll see: multiply the number of employees you have by the number of breaks and the lost time per break.

The Lean Flow solution is to have a fixed location. As an example, when we see cleaning, labeling and tagging being done in the field, we design a line by the shipping area. The advantage of this is that the employees are working in a location where the break room is nearby or the bathrooms are near. You can better manage the employees and you know how they're doing. They don't have to leave early to get to the break room and you'll now eliminate the lost time and production.

## 4. Don't move your crews too many times during the day.

One of the big mistakes growers tend to make is to send a big crew out to do work for a few hours and then move them to do another job in another part of the facility for a few hours, continuing to move them throughout the day. Every time you move a crew, you're creating non-value added work. Any task that doesn't add any value to the product is considered non-value added or waste.

As an example, you have three crews of five people that are going to do four different tasks for the day. Every

time the crew moves, you lose at least five minutes per move.

(5 minutes x 4 moves x 5 people x 2 crews = 240 minutes) You lose half a person's worth of work. This is conservative since a five-minute move is probably more like a 10-minute move.

The Lean Flow solution is to have smaller crews that work longer hours. Instead of having five people doing work an hour or two, have one person do the work for eight hours. By assigning your people to a task for the entire day, you'll have eliminated the non-value added work of moving. If there isn't enough work for an entire day, use the calculation shown above. In reality, you should do the calculation before assigning your people to do the day's tasks.

## 5. Don't build ahead.

How many times have you walked through your greenhouse or nursery and see pre-built boxes, pre-labeled pots or trays? The logic here is that by building ahead you won't run out of boxes or pots when you get busy. Although you may think you're getting ahead, think about what you're doing. Build boxes, store them somewhere until you need them, go and get them when you need them. You can bring them all at the same time because you have too many. This creates a lot of non-value added work of material movement. Think of the space that you're consuming with all of these boxes. Is space ever an issue? If you pre-label pots or trays, did you ever have to re-label because the labels on the pots are not the ones you need? Don't feel bad; you're not the only that's doing this.

The Lean Flow solution is to build/produce what you need when you need it—although the thought of building a box at a time when you know that you need 500 boxes today is a bit daunting. Again all you need to do is use the resource calculation and determine how many people you need to make boxes. You'll be surprised that you'll only need one or two people. The lean part of Lean Flow is eliminating the waste and inventory; the flow part is being able to flow a product one at a time as much as possible. If you build them as you need them, you've eliminated the waste of material movement and the excess inventory of prebuilt boxes and now you're flowing a box at a time. We've been to growers that build boxes days ahead of when they need them and then wonder why they need more space.

These five simple tips, if implemented properly, will help you reduce your labor costs, as well as control them. Labor being a high percentage of product cost needs to be controlled as margins are getting tighter and reducing costs is key to surviving in this competitive industry. **GT**

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